

**Remarks of
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of the
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before the
National Transportation Safety Board
Springfield, VA**

March 18, 1998

Introduction

Thank you Board Member Goglia and members of the NTSB Staff for inviting me to discuss with you the FRA's safety program and the rail safety issues facing our country. On behalf of my professional colleagues at the Federal Railroad Administration, I appreciate your holding this hearing on an issue that is the mission, vision, and function of our agency; and that issue is safety.

The challenges of rail safety today can only be understood in a context of the rail industry itself. The rail industry in the United States has changed dramatically in only the past few years. We all know that the Staggers Act gave the rail industry a deregulated environment that nurtured tremendous capital investment, some \$90 Billion since 1990.

The improvements in safety between 1980 and 1985 were great, a 70% decrease in train accidents. But between 1986 and 1993, the train accident rate essentially flattened, human factors became the greatest cause for accidents, and mergers and spinoffs began to create a whole new kind of industry for FRA to oversee --- over 500 shortline railroads, and beginning in 1995, the appearance of "mega railroads" with the merger of BNSF, then UPSP, and soon to be decided by the STB, NS and CSX's proposed acquisition of Conrail and not far in the future, decisions about the CN/IC proposed merger. At the same time, rail traffic increased over 30% and employment reduced to its lowest level in this century.

Railroad Industry Safety Record

These changes in the railroad industry have posed significant challenges for FRA. The growth in rail traffic, the rise of mega-railroads, and the proliferation of small carriers impose a significant challenge to the FRA's safety enforcement program. Our 400 safety professionals, plus a dedicated group of state inspectors, must oversee safety of a nationwide industry composed of 1.2 million freight cars, 20,000 locomotives, 220,000 miles of track, and 265,000 employees.

The Clinton Administration increased safety investment in FRA significantly over the first term, adding 8 grade crossing managers and 3 safety project coordinators. But it was clear that if FRA was to precipitate real and sustained increases in rail safety, that is get the train accident rate to start going down again and to achieve real safety increases in all the other categories we measure, that real change in the safety program itself had to begin.

To meet these safety challenges, FRA looked to the principles espoused by the Clinton Administration's National Performance Review (NPR) and the Government Performance and Results Act enacted by Congress in 1993. Our primary focus became safety results, and we developed strategic plans to achieve those results and performance goals to measure their success.

The basis for SACP was the belief that all parties needed to take responsibility for reaching zero tolerance, that the process would leverage FRA's resources, and that an opportunity existed to go beyond regulations to achieve the levels of safety necessary to reach zero deaths, zero injuries and zero incidents. Member Goglia: we had no manual to follow. This was a process we were creating out of whole cloth.

We used best practices garnered from other industries but clearly the rail industry had to have a process designed for its unique history and culture. Change is never easy. And because fundamentally changing a safety culture demanded changing the attitudes, behaviors and relationships that had long been engrained, there were many skeptical about our changes for success. The leadership of courageous individuals in labor and management and among FRA's professionals truly has created a process which is a whole new way to communicate and work together to achieve significant safety results.

The SACP process includes outreach, through listening sessions, to railroad employees, supervisors, labor representatives and managers. After all, no one knows more about where the safety problems are than the men and women who sit behind the throttle, pound the spikes, and carry out railroad operations day in and day out. The SACP creates a new entity through which labor, management and FRA to focus on root causes and solutions across whole railroad systems.

The first step in the SACP has an FRA team analyzes the information gathered at these listening sessions, site inspections, team inspections, and from FRA's own statistical database to identify systemic safety issues and appropriate countermeasures. FRA presents its findings to senior railroad management who then becomes responsible for devising a Safety Action Plan to address the safety concerns raised by FRA.

In this way, FRA obtains the commitment of rail management who have the authority to allocate the necessary resources to improve safety. Within the past two years, FRA has helped facilitate joint labor/management/FRA safety committees on most of the major railroads, including the UP.

The Safety Action Plan, which may include both long term and interim safety measures, is subject to FRA approval. FRA conducts follow-up safety inspections to ensure that the plan is properly implemented and that it is effective in mitigating the safety hazard. The SACP has not replaced our traditional safety enforcement techniques and tools; FRA still conducts a tremendous number of inspections, and we continue to issue civil penalties as appropriate. The SACP, however, provides a very effective way to assure that labor, management and the FRA are finding system-wide solutions to safety hazards and implementing them as soon as possible.

We constantly search for new and better ways to monitor the emerging mega-carriers whose operations span as many as six FRA Regions and cover nearly two-thirds of the United States.

Site Specific -- Until 1993, when I came to FRA, our safety program was based on site specific inspections. This program achieved success during and immediately after the period when the railroad industry was undergoing deregulation.

From 1978 through 1987, the train accident rate declined 70 percent. However, from 1987 to 1993, the train accident rate flattened, and the number of train accidents actually rose in some of those intervening years. New ways to stimulate constant downward trends were needed.

During this period, the causes of railroad incidents were also evolving.

Human Factors -- In the early years following deregulation, track and equipment problems were the leading causes of train accidents. But that soon began to change. By 1986, human factors became the leading cause of train accidents. Many of the human factor issues concerned areas outside of the realm of existing regulation, such as, training, staffing, and management oversight.

Safety Culture -- These issues relate directly to patterns of thought and behavior with regard to safety. If the pace of safety improvement was to accelerate, the railroad industry would need to undergo a cultural transformation that included a more powerful culture of safety. Labor, management, and the FRA had to work together to spark such a change. We also needed better tools.

Consequently, we challenged labor and management to begin with FRA a safety coalition process to reach the Administration's safety goal of zero tolerance for any safety hazard. After an initial sortie into a collaborative process resulted in the Roadway Worker Safety Rule, all parties gained some confidence that perhaps this process in the regulatory environment could really work and that partnering could also achieve significant results in the enforcement arena. Thus the SACP safety process was born.

Safety Assurance and Compliance Program

One important tool is the Safety Assurance and Compliance Program (SACP) announced in March 1995. SACP is a "systems" approach to safety.

Purpose of UP Hearing--FRA's Involvement

With this as background for our discussion this morning, I would like to address the issue of safety on the Union Pacific Railroad and the 15 incidents that the NTSB is reviewing in this hearing over the next few days.

My colleagues from the FRA will provide a incident-by-incident review. I will address this morning the overall safety record on the Union Pacific from 1993-1996, the tragedies of 1997 on the Union Pacific, and the progress made since the evolution of the SACP on the Union Pacific.

Tragedies -- Before I detail the safety record of the Union Pacific, let us remember that nine employees lost their lives in 1997 in the line of duty...doing their jobs as safely as possible in an

industry where safety is a constant challenge. Board Member Goglia, the NTSB and FRA staff are usually the first on the scenes at these tragic collisions and you all know too well of the devastation that evolves when trains collide. Our thoughts go out to the families of those employees whose lives were tragically cut short last year. It is the memory of these individuals and the memory of all employees, passengers and those lost at grade crossings that we at FRA dedicate our every effort in pursuit of reaching our zero tolerance goal.

SACP on the Union Pacific

One of FRA's earliest SACP implementation occurred on the UP in 1995. The Union Pacific of 1995 was a much smaller system then; neither the Chicago Northwestern nor the Southern Pacific were yet a part of that system. The FRA identified issues of regulatory compliance that were essentially regional in character.

And our program proved successful at the time.

In 1995, accidents rates were on the decline on the UP system as a whole. UP followed the trend that characterized the rail industry in general: traffic was rising, the size of the work force and infrastructure was declining, and safety was showing steady improvement. Between 1995 and 1997, inclusive, the train accident rate on the combined UP system dropped from 3.88 to 3.36 (10 months data) while the total number of train accidents fell from 694 to 476 (10 months data). The trend held true for every major accident cause factor. Human factor accidents declined 39 percent, while track-caused accidents fell 24 percent over this period.

FRA Inspection Sweeps

Even in Texas, where four major train collisions occurred in 1997, the overall number of train accidents on the combined UP system fell by 25 percent (10 months data) and the number of human factor accidents fell by 13 percent in 1997. Safety progress was evident until an eight-week period beginning in June 22, 1997 when five major train collisions caused the deaths of five employees and two trespassers. These tragic collisions of mid-summer marked a sharp reversal of the positive safety trends that the UP had experienced.

In August of 1997, FRA sent the largest single force of inspectors we have ever used on a single property; 25 percent of our inspection force went out on the UP system to stop these deadly series of collisions.

FRA Sweeps -- A FRA team set up a command center at UP's corporate headquarters in Omaha. Commencing August 23, FRA sent more than 85 federal and state safety inspectors to conduct a two-week, 24-hour-a-day, team inspection across the UP system. This "sweep" was followed up by a five-day, system-wide team inspection involving 87 inspectors starting on November 3.

Between the two sweeps, the FRA held numerous listening sessions with rank-and-file railroad workers to gain a ground level perspective of UP's safety problems.

Based on the information developed through our accident investigations and intensified SACP activities, the FRA issued a series of Safety Advisories to immediately address several safety critical topics. The advisories ranged from

- 97-1 Recommended safety practices for certain locomotives equipped with emergency MU fuel line cut off.
- 97-2 Safety practices to reduce the risk of casualties from runaway locomotives, cars, and trains caused by a failure to properly secure unattended rolling equipment left on sidings.
- 97-3 Safety Practices to reduce the risk of accidents arising from the authorization of train movements past stop indications of absolute signals.

These Safety Advisories have been submitted for the record as **Exhibit 7-A**.

Furthermore, beginning in September, joint labor/ management/ FRA safety committees were formed to address the issues being identified by FRA through the SACP process. As we crystallized our findings and recommendations, we remained in close contact with labor and management representatives who were actively seeking solutions to the identified problems.

Four interrelated problems seemed to stand out and permeate many areas of safety on the UP:

1. Understaffing;
2. Fatigue;
3. Insufficient levels of supervision.; and
4. Dispatching deficiencies.

The FRA found insufficient staffing levels, particularly among train and engine service personnel, supervisors, and dispatchers. Long hours, unpredictable work schedules, many consecutive days of service, excessive time waiting for transportation to and from assignments, all combined to create high levels of acute and cumulative fatigue among the UP workforce.

Although FRA found little evidence of UP employees exceeding statutory hours of service limitations, the fatigue problem was evident.

A third major concern was insufficient levels of supervision. The FRA found that UP supervisors were inundated with paperwork, due to a cut-back in clerical personnel. Also, as the railroad began experiencing service problems, all qualified supervisors and managers were pressed into service running trains. The result was that the supervisory work force was unable to perform its intended safety functions of oversight, planning and coordination.

Finally, FRA found serious deficiencies at the Harriman Dispatching Center. There were far too few dispatchers, causing many of the positions to be burdened with too much work and the level of supervision insufficient. We also found that the training of both dispatchers and dispatcher managers was deficient.

Results

On February 24, 1998, the FRA conducted a Senior Management Meeting with senior representatives from the UP, rail labor, and the FRA. We discussed the root causes of the safety

problems that led to the collisions and derailments of the previous six months and presented recommendations to prevent their recurrence. The UP formally presented its Safety Action Plan, developed with the input of rail labor and FRA's guidance, detailing both long-term and interim measures to correct the safety.

Safety Action Plan -- The results of UP's actions are significant. Under the plan, staffing levels are being increased a rate three to four times greater than in previous years. The UP projects hiring more than 4,300 railroad workers this year, at least 1,200 of which are train and engine service personnel. Even more significant, the UP has formed a team to evaluate staffing needs and assumptions through the year 2015, and it has invited labor representatives to review its staffing plans as a sort of "reality check." To address the critical shortage of safety supervisors, the UP has hired, or is in the process of hiring, approximately 134 supervisors.

Fatigue Countermeasures -- The UP has hired a leading fatigue management expert, Dr. Mark Rosekind, who was formerly a fatigue consultant to NASA. With this expert guidance, the UP plans to develop and implement a comprehensive fatigue management program addressing a broad spectrum of fatigue mitigation measures, including work rest cycles that permit time off, calling windows, a napping policy, improved work assignment predictability, improved rest facilities, and reduced deadheading time.

UP Policy Interim Policy -- As an interim measure, the UP instituted a system-wide policy that provides train and engine service personnel with guaranteed right to receive a day off after working seven consecutive days. While we recognize that this is just an interim step to address fatigue, it must be noted that the UP is the first railroad in the country to have a system-wide policy of this type.

Dispatching -- At the Harriman Dispatching Center, 46 new dispatchers have been hired since last year. The UP has reduced the work load of 11 dispatchers, tripled the number of dispatcher managers, and will soon add two new dispatcher desks. The UP also has implemented a new training program to benefit both dispatchers and their supervisors.

The SACP approach has provided FRA the opportunity to address issues unprecedented in this industry. We are aware that the Safety Action Plans, in and of themselves, cannot make the UP safer. The Plans must be fully implemented in a timely manner before we can expect to bring about the cultural change that the railroad requires. The FRA is fully committed to ensuring that a sufficient follow up is conducted of the UP Safety Action Plan to monitor the Plan's implementation and effectiveness.

Safety Progress

As tragic as the incidents of the summer of 1997 were for us and for the industry, the real tragedy would be if we learned nothing from them. Ever since last summer, we at FRA have been trying to figure out why this railroad with a proven safety record had these tragic collisions? How can we prevent them from every happening again? Was there something there, some pointer, predicting the tragedies to come?" After eight months of analyzing this turn of events, I can honestly say to you that there were no apparent indicators.

Downward Decline in Statistics -- All of the statistics from our safety programs and from data provided by the industry showed that accident rates and numbers of train accidents are continuing to decline. Class I railroads were undergoing what appeared to be successful consolidation, where increasing traffic volume, a shrinking workforce and physical plant, and steadily improving safety went hand-in-hand. The events that occurred on the UP this past summer marked a sea change. We have learned from the UP experience that a paradigm shift in the railroad industry can occur suddenly with little or no warning.

Safety Foresight -- No one appears to have foreseen what happened to the UP, not the railroad itself, not the FRA and, with all due respect, not even the NTSB. However, because of the SACP process, the FRA had the ability to identify and quickly respond to the fundamental changes that affected the railroad's operating safety.

The UP experience demonstrates that SACP provides FRA with the tools to expand our reach, to identify and address critical safety issues outside the realm of regulation.

The Safety Challenge -- Future Mergers

The FRA's response to the events on the UP went well beyond the SACP process, with implications for the entire industry. We now recognize that a very proactive approach to safety is essential to the railroad industry, particularly when railroads are engaged in consolidations, mergers or acquisitions

Safety Integration Plans -- In September, I went before the Surface Transportation Board (STB) to recommend that CSX and Norfolk Southern be required to develop Safety Integration Plans (SIPs) laying out how they plan to address the safety implications associated with their joint acquisition of Conrail. The STB decided to adopt my recommendation, and is requiring CSX and NS to submit SIPs as a condition of the merger. The FRA issued criteria for the development of the SIPs, and we continue to work with the railroads, providing guidance and recommendations into the safety planning process.

FRA and the STB recently embarked on a joint rulemaking to require Safety Integration Planning as a condition for future mergers, acquisitions and consolidations. We hope that sufficient planning can prevent a repeat of the chain of events that occurred on the UP.

Closing--Challenge to the Industry and the NTSB

At the FRA, we are constantly re-examining our rail safety programs to ensure they keep pace with the evolution of the railroad industry. We try to learn from the problems we encounter and seek new ways to make our safety program more effective. Our experience with the UP was certainly no exception. That experience enabled us to further refine and improve our own SACP process so that we can effectively take safety in the railroad industry to new levels.

The SIP process will provide the railroad industry itself with new tools to become more proactive in anticipating safety concerns and preventing safety problems before they occur. Armed with these tools and working in concert with rail labor and management, we are convinced that we can move ever closer to our goal of "zero tolerance" for railroad accidents, injuries and fatalities.

Board Member Goglia, I look forward to working with you and the NTSB staff as we strive toward zero tolerance.

Thank you.

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